

U102

United Foods International PLC

Directors' report and consolidated
financial statements

Registered number 2994067

31 December 2003



Contents

Directors' report	1
Statement of directors' responsibilities	2
Report of the independent auditors to the members of United Foods International PLC	3
Consolidated profit and loss account	4
Consolidated balance sheet	5
Balance sheet	6
Consolidated cash flow statement	7
Notes	8

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

Principal activities

The principal activities of the company are acting as a holding company and offering administrative services to other group companies. The principal activities of the subsidiaries are the sale of chilled fruit juice in Europe and organic fruit and vegetable juice in the UK.

Business review

The results for the year are set out in the profit and loss account on page 4. During the year under review, turnover increased by 54%, and net profit before tax, has increased by 103%. The directors anticipate that the group will achieve further significant increases in both turnover and profitability in 2004.

It is proposed that the profit for the year of £850,000 is transferred to reserves.

Dividends

The directors have provided for the payment of arrears of dividend and dividend for year ended 31 December 2003 on the preference shares. The directors have not proposed the payment of a dividend on the ordinary shares (2002: £nil).

Directors and directors' interests

The directors who held office during the year and their beneficial interest in the company's share capital were as follows:

	Share Type	At 31 December 2003	At 1 January 2003
N J Taylor	Ordinary	-	-
M J Taylor	Ordinary	-	-
A C Shupick	Ordinary	-	-

Options granted to Mr A C Shupick to purchase 52,602 ordinary shares of £1 each, at par, were terminated on 21 January 2004 in exchange for options granted on the same date to purchase one ordinary share of nominal value of €4,900 in FSP Frischsaft FRISCHE Produktion gmbH, at a cost of £52,602, at any time up to and including 31 December 2008. The option will lapse at the earliest of:

- The option holder giving notice of termination of employment
- Six months following the receipt by the option holder of notice of termination of employment
- The death of the option holder

Policy and practice on payment of creditors

The group policy for all suppliers is to fix terms of payment when agreeing the term of each business transaction, to ensure the supplier is aware of those terms and to abide by the agreed terms of payment. The creditor payment days outstanding for the group at 31 December 2003 was 71 days (2002: 72 days).

Auditors

During the year under review, KPMG LLP resigned as auditors and H W Fisher & Company were appointed to fill the temporary vacancy. In accordance with section 385 of the Companies Act 1985, a resolution for the reappointment of H W Fisher & Company as auditors is to be proposed at the forthcoming annual general meeting.

By order of the board


A.C. Shupick
Secretary

Black Corner
Balcombe Road
Horley
Surrey
RH6 9SP

23 July 2004

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Report of the independent auditors to the members of United Foods International PLC

We have audited the financial statements on pages 4 to 24.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's and the group's affairs as at 31 December 2003 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

H W Fisher & Company

H W Fisher & Company
Chartered Accountants & Registered Auditor
Acre House
11-15 William Road
London NW1 3ER

26 July 2004

Consolidated profit and loss account
for the year ended 31 December 2003

	<i>Note</i>	2003 £000	2002 £000
Turnover	2	52,307	33,859
Cost of sales		(35,047)	(21,058)
Gross profit		17,260	12,801
Administrative expenses		(14,129)	(11,315)
Operating profit		3,131	1,486
Interest receivable and similar income	6	16	15
Interest payable and similar charges	7	(356)	(278)
Exceptional item	8	-	215
Profit on ordinary activities before amortisation and taxation		2,791	1,438
Amortisation of goodwill	3	(194)	(160)
Profit on ordinary activities before taxation	3	2,597	1,278
Taxation	9	(1,039)	(593)
Profit on ordinary activities after taxation		1,558	685
Dividends paid	10	(351)	-
Profit on ordinary activities after taxation and distribution		1,207	685
Minority interest	23	(357)	(130)
Retained profit for the year		850	555

There are no recognised gains and losses other than those above.

The above results relate entirely to the continuing operations of the Group.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.


Consolidated balance sheet
at 31 December 2003

	Note	2003	2002
		£000	As restated £000
Fixed assets			
Intangible assets	12	2,916	2,778
Tangible assets	13	7,216	5,767
Investments	14	1,520	1,370
		<u>11,652</u>	<u>9,915</u>
Current assets			
Stocks	15	2,560	1,555
Debtors	16	5,868	5,280
Cash at bank		1,662	2,055
		<u>10,090</u>	<u>8,890</u>
Creditors: amounts falling due within one year	17	<u>(12,377)</u>	<u>(11,333)</u>
Net current liabilities		<u>(2,287)</u>	<u>(2,443)</u>
Total assets less current liabilities		<u>9,365</u>	<u>7,472</u>
Creditors: amounts falling due after more than one year	18	<u>(2,271)</u>	<u>(1,693)</u>
Net assets		<u>7,094</u>	<u>5,779</u>
Capital and reserves			
Called up share capital	19	3,550	3,550
Revaluation reserve	20	320	170
Profit and loss account	21	2,501	1,651
		<u>6,371</u>	<u>5,371</u>
Shareholders' funds			
Equity	22	5,371	4,371
Non-equity		1,000	1,000
		<u>723</u>	<u>408</u>
Minority interests (all equity)	23	<u>723</u>	<u>408</u>
		<u>7,094</u>	<u>5,779</u>

The balance sheet as at 31 December 2002 has been restated to reflect the following:

Creditors: amounts falling due within one year, have been reduced by £351,000, while Creditors: amounts falling due after more than one year, have been increased by an equivalent sum. This adjustment reflects a reclassification of finance lease obligations of an overseas subsidiary undertaking.


These financial statements were approved by the board of directors on 23 July 2004 and signed on its behalf by:


A C Shupick
Director

Balance sheet
at 31 December 2003

	Note	2003		2002	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	12		-		22
Investments	14		5,490		5,653
			<u>5,490</u>		<u>5,675</u>
Current assets					
Debtors	16	723		746	
Cash at bank		1		7	
		<u>724</u>		<u>753</u>	
Creditors : amounts falling due within one year	17	(2,535)		(2,824)	
		<u></u>		<u></u>	
Net current liabilities			(1,811)		(2,071)
			<u></u>		<u></u>
Net assets			3,679		3,604
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	19		3,550		3,550
Profit and loss account	21		129		54
			<u>3,679</u>		<u>3,604</u>
			<u></u>		<u></u>
Shareholders' funds					
Equity	22		2,679		2,604
Non-equity			1,000		1,000
			<u>3,679</u>		<u>3,604</u>
			<u></u>		<u></u>

These financial statements were approved by the board of directors on 23 July 2004 and signed on its behalf by:


A C Shupick
Director

Consolidated cash flow statement
for the year ended 31 December 2003

	<i>Note</i>	2003 £000	2002 £000
Cash flow statement			
Cash flow from operating activities	24	3,668	3,590
Exceptional item		-	215
Returns on investments and servicing of finance	25	(340)	(263)
Taxation		(970)	(189)
Capital expenditure and financial investment	25	(2,078)	(2,883)
Dividend paid	23	(42)	(37)
Acquisitions	25	(511)	-
		<hr/>	<hr/>
Cash inflow before management of liquid resources and financing		(273)	433
 Financing	 25	 364	 284
		<hr/>	<hr/>
Increase in cash in the year		91	717
		<hr/>	<hr/>
 Reconciliation of net cash flow to movement in net debt			
Increase in cash in the year		91	717
Change in net debt resulting from cash flows		(364)	(284)
		<hr/>	<hr/>
Movement in net debt in the year		(273)	433
Net debt at the start of the year		(2,648)	(3,081)
		<hr/>	<hr/>
Net debt at the end of the year	26	(2,921)	(2,648)
		<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified to include the revaluation of land and buildings, in accordance with applicable accounting standards.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2003. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life of 20 years.

Intangible assets

Trademarks are capitalised at cost and amortised by equal instalments over their estimated useful lives of 10 years.

Fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, less depreciation.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets, except freehold land and buildings, and assets in course of construction, by equal instalments over their estimated useful economic lives as follows:

Office equipment	-	20% straight line
Fixtures, fittings, plant and machinery	-	5% - 20% straight line
Motor Vehicles	-	20% straight line
Land and buildings	-	3% - 10% straight line

Investment property

Investment properties are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve. No depreciation is provided. The directors have adopted a true and fair override in relation to the non-depreciation of freehold land and buildings following the adoption of SSAP 19 "Investment properties", the adoption being made so as to present a true and fair view of the value of the freehold property. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be identified or quantified.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. Profits and losses of overseas subsidiaries are translated into sterling at the closing rate of exchange at the year end. Current assets and liabilities in foreign currencies are translated at the year end rates. Exchange differences in the opening net assets/liabilities are dealt with through the profit and loss account.

The temporal method has been deemed appropriate because the material foreign subsidiary undertakings depend directly on the support of the parent undertaking in order to function at their current levels of activity.

Notes (continued)

1 Accounting Policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes an appropriate proportion of manufacturing overheads. Net realisable value is based on selling price less further costs expected to be incurred on completion and disposal.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are treated as if they have been purchased outright at the present value of the rentals payable, less finance charges, over the primary period of the agreements. The corresponding obligations under these agreements are included in creditors. The finance element of the rentals payable is charged to the profit and loss account so as to produce a constant rate of charge on the outstanding balance in each period.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be received. Deferred tax assets and liabilities are not discounted.

Turnover

Turnover represents the amounts (excluding value added tax and discounts) derived from the provision of goods and services to third party customers.

2 Segmental analysis

The total turnover of the group for the year has been derived from its principal activity.

Segmental analysis by geographical area:

The analysis by geographical area of the group's turnover is set out below:

	2003	2002
	£000	£000
United Kingdom	6,181	3,395
Rest of Europe	46,126	30,464
	<hr/> 52,307 <hr/>	<hr/> 33,859 <hr/>

Notes (continued)

2 Segmental analysis (continued)

The analysis by geographical area of the group's profit before tax is set out below:

	2003 £000	2002 £000
United Kingdom	431	163
Rest of Europe	2,166	1,115
	<u>2,597</u>	<u>1,278</u>

The analysis by geographical area of the group's net assets is set out below:

	2003 £000	2002 £000
United Kingdom	3,330	3,081
Rest of Europe	3,764	2,698
	<u>7,094</u>	<u>5,779</u>

3 Profit on ordinary activities before taxation

	2003 £000	2002 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration: Group	44	62
Company	6	8
Depreciation of owned tangible fixed assets	444	446
Depreciation of assets held under finance leases	362	221
Amortisation of goodwill	194	160
Amortisation of trade marks	11	12
Operating lease rentals - plant and machinery	229	146
- other	44	-
	<u></u>	<u></u>

4 Remuneration of directors

	2003 £000	2002 £000
Directors' emoluments	115	112
	<u></u>	<u></u>

5 Staff numbers and costs

There were 179 employees (2002: 150) during the year, including directors.

The aggregate payroll costs of these persons were as follows:

	2003 £000	2002 £000
Wages and salaries	3,878	3,226
Social Security costs	615	598
Pension costs	49	46
	<u>4,542</u>	<u>3,870</u>

Notes (continued)

6 Other interest receivable and similar income

	2003 £000	2002 £000
Bank interest	13	5
Other	3	10
	<u>16</u>	<u>15</u>

7 Interest payable and similar charges

	2003 £000	2002 £000
On bank loans and overdrafts	356	278
	<u>356</u>	<u>278</u>

8 Exceptional item

	2003 £000	2002 £000
Arising upon disposal of non-core activity in France	-	215
	<u>-</u>	<u>215</u>

9 Taxation

	2003 £000	2002 £000
Analysis of charge for the period		
<i>UK Corporation Tax</i>		
Current tax on income for the period	130	3
Adjustment in respect of prior periods	15	22
	<u>145</u>	<u>25</u>
<i>Foreign Tax</i>		
Current tax on income for the period	955	568
	<u>955</u>	<u>568</u>
Total current tax	<u>1,100</u>	<u>593</u>
<i>Deferred Tax</i>		
Deferred tax ~ Origination and reversal of timing differences	29	-
- Effect of changes in tax rates on opening liability/asset	(57)	-
- Adjustment to estimated recoverable amount of deferred tax asset arising in previous periods	(33)	-
	<u>(61)</u>	<u>-</u>
Total deferred tax	<u>(61)</u>	<u>-</u>
Tax on profit on ordinary activity	<u>1,039</u>	<u>593</u>

Notes (continued)

9 Taxation (continued)

Factors affecting the tax charge for the period

	2003 £000	2002 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	2,597	1,278
Current tax at 30% (2002: 30%)	779	384
<i>Effects of:</i>		
Expenses not deductible for tax	80	109
Excess depreciation over capital expenditure	(2)	1
Higher tax rates on overseas earnings	295	147
Utilisation of tax losses brought forward	(24)	-
Adjustment of tax charge in respect of previous periods	15	22
Utilisation of tax losses created upon redemption of loan	(50)	(70)
Tax losses carried forward	7	-
Total current tax	<u>1,100</u>	<u>593</u>

The movements in the deferred taxation balance were as follows:

Group

Deferred taxation asset		
At beginning of year	98	98
Recognised in year	61	-
Arising on acquisition (as part of debtors)	12	-
At end of year (see note 16)	<u>171</u>	<u>98</u>
The balance as at 31 December 2003 is made up as follows:-		
Using the standard rate of corporation tax of 30% (2002: 19%)		
Decelerated/(Accelerated) capital allowances	14	-
Tax losses carried forward	606	98
Unrecognised deferred tax asset	<u>620</u> <u>(449)</u>	<u>98</u> <u>-</u>
At end of year (see note 16)	<u>171</u>	<u>98</u>

Recognition of deferred tax assets on losses carried forward has been limited to £171,000 as there is uncertainty to the recoverability of all the tax losses, given the extended period of time over which they would be relieved.

Notes (continued)

10 Dividends paid

	2003 £000	2002 £000
Preference shares	351	-

Dividends on the preference shares of £50,466, £60,000, £60,000 and £180,000 were paid respectively on 1 March, 1 April, 1 May and 16 June 2004.

11 Profit for the financial year

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the holding company has not been included in these financial statements. The profit of the holding company for the financial year was £75,000 (2002: £106,000).

12 Intangible fixed assets

Group	Trade marks £000	Goodwill £000	Total £000
<i>Cost</i>			
At beginning of year	111	3,221	3,332
Additions	7	336	343
At end of year	118	3,557	3,675
<i>Amortisation</i>			
At beginning of year	48	506	554
Charged in year	11	194	205
At end of year	59	700	759
<i>Net book value</i>			
At 31 December 2003	59	2,857	2,916
At 31 December 2002	63	2,715	2,778

Notes (continued)

12 Intangible fixed assets (continued)

Company	Trade marks £000
<i>Cost</i>	
At beginning of year	39
Transferred to subsidiary undertaking	(39)
	<hr/>
At end of year	-
	<hr/>
<i>Amortisation</i>	
At beginning of year	17
Transferred to subsidiary undertaking	(17)
	<hr/>
At end of year	-
	<hr/>
<i>Net book value</i>	
At 31 December 2003	-
	<hr/>
At 31 December 2002	22
	<hr/>

Notes (continued)

13 Tangible fixed assets

Group	Land and buildings £000	Assets under construction £000	Office equipment £000	Plant and equipment £000	Motor vehicles £000	Total £000
Cost						
At beginning of year	2,502	325	408	4,996	197	8,428
Disposals	-	(39)	(41)	(104)	(39)	(223)
Arising upon acquisition	2	-	-	176	-	178
Additions	80	1,527	31	502	13	2,153
Transferred/reclassified	651	(725)	(354)	428	-	-
At end of year	3,235	1,088	44	5,998	171	10,536
Depreciation						
At beginning of year	174	-	398	1,983	106	2,661
Disposals	-	-	(41)	(74)	(32)	(147)
Charge for year	69	-	7	698	32	806
Transferred/reclassified	8	-	(354)	346	-	-
At end of year	251	-	10	2,953	106	3,320
Net book value						
At 31 December 2003	2,984	1,088	34	3,045	65	7,216
At 31 December 2002	2,328	325	10	3,013	91	5,767

The net book value of assets held under finance leases is £1,679,000 (2002: £1,836,000)

Land and buildings comprises freehold land and buildings.

No depreciation charge has been made on the property at Ruckes 90, Germany with net book value of £1,382,000 on the grounds that the directors consider the residual value to be sufficiently high that the depreciation charge and accumulated depreciation would be immaterial.

Company	Office equipment £000	Total £000
Cost		
At beginning	1	1
Disposals	(1)	(1)
At end of year	-	-
Depreciation		
At beginning	1	1
Disposals	(1)	(1)
At end of year	-	-
Net book value		
At 31 December 2003	-	-
At 31 December 2002	-	-

Notes (continued)

14 Fixed asset investments

Company	Loans to group undertakings	Shares in subsidiary undertakings	Total
	£000	£000	£000
<i>Cost</i>			
At beginning of year	666	4,987	5,653
Additions (see note 27)	-	503	503
Exchange difference	54	-	54
Reclassified	(720)	-	(720)
At end of year	-	5,490	5,490
<i>Net book value</i>			
At 31 December 2003	-	5,490	5,490
At 31 December 2002	666	4,987	5,653

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

The loan to group undertaking has been reclassified as a current asset, as it has been repaid in 2004.

The company holds more than 10% of the share capital of the following companies:

Company	Country of registration or incorporation	Activity	Class	Shares held
Direct shareholdings				
Grove Fresh Limited	England	Sale of organic juices	Ordinary	100%
FSP Frischsaft FRISCHE produktion gmbH	Germany	Packaging of juices	Ordinary	62.5%
DSG Onroerende Zaken BV	Netherlands	Holding Company	N/A	100%
Premierblend Limited	England	Holding Company	Ordinary	100%
Organic Juices Limited	England	Dormant	Ordinary	100%
Organic Foods International Limited	England	Dormant	Ordinary	100%
Fruit Spree Limited	England	Dormant	Ordinary	100%
Marnan Holdings Limited	England	Investment	Ordinary	100%
			Preference	100%
			'A' Ordinary	100%
Indirect shareholdings				
Fruity King Vers Sap BV	Netherlands	Sales of fruit juice	N/A	100%
Smithy Mushrooms Limited	England	Mushroom production	Ordinary	100%
Tropical Delight Limited	England	Dormant	Ordinary	100%
Florida Exports Limited	England	Dormant	Ordinary	100%

FSP Frischsaft FRISCHE production gmbH has a 100% shareholding in SARL de Beer, which is a dormant company.

Group	Freehold Property	Total
	£000	£000
<i>Cost, valuation and net book value</i>		
At 1 January 2003	1,370	1,370
Surplus arising upon revaluation	150	150
At 31 December 2003	1,520	1,520

Notes (continued)

14 Fixed asset investments (continued)

The freehold property at Redhill, Surrey, was revalued to £1,520,000 on an open market basis dated 23 February 2004 by Stiles Harold Williams, an independent chartered surveyor. If the property was sold at this valuation, a deferred tax charge of £96,000 (2002: £32,300) would crystallise.

Comparable historic cost for the investment property included at valuation:-

	£000
Cost	
At 1 January 2003 and at 31 December 2003	1,200
Depreciation based on cost	
At 1 January 2003	-
Charge for the year	-
At 31 December 2003	-
Net book values	
At 31 December 2003	1,200
At 31 December 2002	1,200

All tangible fixed assets are stated at historical cost.

15 Stocks

	Group		Company	
	2003	2002	2003	2002
	£000	£000	£000	£000
Raw materials and packaging materials	2,049	1,192	-	-
Work in progress	45	-	-	-
Finished goods and goods for resale	466	363	-	-
	<u>2,560</u>	<u>1,555</u>	<u>-</u>	<u>-</u>

16 Debtors

	Group		Company	
	2003	2002	2003	2002
	£000	£000	£000	£000
Trade debtors	5,289	4,382	-	-
Other debtors	101	478	1	-
Prepayments and accrued income	307	322	1	-
Due from group undertaking	-	-	721	746
Deferred tax asset (see note 9)	171	98	-	-
	<u>5,868</u>	<u>5,280</u>	<u>723</u>	<u>746</u>

Notes (continued)

17 Creditors: amounts falling due within one year

	Group		Company	
	2003	2002	2003	2002
		<i>As restated</i>		
	£000	£000	£000	£000
Discounted loan stock	-	321	-	-
Bank loans and overdrafts	2,259	2,646	1,800	2,000
Trade creditors	6,834	4,180	-	4
Taxation and social security	1,011	694	5	19
Other creditors	844	1,800	2	-
Accruals and deferred income	1,025	1,649	30	29
Due to group undertaking	-	-	347	772
Finance lease obligations	53	43	-	-
Dividends payable	351	-	351	-
	<u>12,377</u>	<u>11,333</u>	<u>2,535</u>	<u>2,824</u>

Bank loans, included above, of £453,000 (2002: £986,000) are secured over certain group assets.

18 Creditors: amounts falling due after more than one year

	Group		Company	
	2003	2002	2003	2002
		<i>As restated</i>		
	£000	£000	£000	£000
Bank loans (secured)	1,653	1,671	-	-
Finance lease obligations	618	22	-	-
	<u>2,271</u>	<u>1,693</u>	<u>-</u>	<u>-</u>

Bank loans, included above, of £1,653,000 (2002: £1,671,000) are secured over certain group assets.

Notes (continued)

18 Creditors: amounts falling due after more than one year (continued)

Analysis of loans

	Group		Company	
	2003	2002	2003	2002
	£000	As restated £000	£000	£000
Not wholly repayable within 5 years by instalments				
Bank loan repayable by 31 December 2020 (a)	256	251	-	-
Bank loan repayable by 30 June 2009 (b)	39	42	-	-
Bank loan repayable by 31 July 2017 (c)	916	980	-	-
Bank loan repayable by 31 December 2009 (d)	202	218	-	-
Bank loan repayable by 31 December 2028 (e)	211	-	-	-
Wholly repayable within 5 years	222	276	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,846	1,767	-	-
Included in current liabilities	(193)	(96)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,653	1,671	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Debt due within one year	193	96	-	-
Debt due between one and two years	178	168	-	-
Debt due between two and five years	460	420	-	-
Debt due in five years or more	1,015	1,083	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,846	1,767	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

(a) A bank loan of £320,000 was granted during 1999 and is repayable by 31 December 2020, in monthly instalments. This loan bears annual interest at 5 per cent.

(b) A bank loan of £58,000 was granted during 2000 and is repayable by 30 June 2009, in monthly instalments. This loan bears annual interest at 5.25 per cent.

(c) A bank loan of £1,000,000 was granted during 2002 and is repayable by 31 July 2017, in monthly instalments. This loan bears annual interest at 1.75 per cent above Nat West Bank base rate.

(d) A bank loan of £235,000 was granted during 2002 and is repayable by 31 December 2009, in monthly instalments. This loan bears annual interest at 4.75 per cent.

(e) A bank loan of £211,000 was granted during 2003 and is repayable by 31 December 2028, in monthly instalments. This loan bears annual interest at 3.85 per cent.

Net debt obligations under finance lease and hire purchase contracts

	Group		Company	
	2003	2002	2003	2002
	£000	£000	£000	£000
Repayable within one year	53	43	-	-
Repayable within one to five years	618	22	-	-
Repayable after five years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	671	65	-	-
Included in liabilities falling due within one year	(53)	(43)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	618	22	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Notes *(continued)*

19 Called up share capital

	2003 £000	2002 £000
<i>Authorised</i>		
Ordinary shares of £1 each	4,000	4,000
6% redeemable non-cumulative preference shares of £1 each	1,000	1,000
	<u>5,000</u>	<u>5,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2,550	2,550
6% redeemable non-cumulative preference shares of £1 each	1,000	1,000
	<u>3,550</u>	<u>3,550</u>

The preference shares are redeemable at par on 31 December 2008. No voting rights are attached nor are there any further dividends beyond that stated as above. Preference shareholders have priority over equity shareholders in the event of a winding up, and are entitled to repayment of the capital paid up.

20 Revaluation reserve

	Group		Company	
	2003 £000	2002 £000	2003 £000	2002 £000
At beginning of year	170	170	-	-
Arising upon revaluation of property	150	-	-	-
	<u>320</u>	<u>170</u>	<u>-</u>	<u>-</u>
At end of year	<u>320</u>	<u>170</u>	<u>-</u>	<u>-</u>

21 Profit and loss account

	Group		Company	
	2003 £000	2002 £000	2003 £000	2002 £000
Retained profit brought forward	1,651	1,096	54	(52)
Retained profit for the year	850	555	75	106
	<u>2,501</u>	<u>1,651</u>	<u>129</u>	<u>54</u>
At end of year	<u>2,501</u>	<u>1,651</u>	<u>129</u>	<u>54</u>

Notes (continued)

22 Reconciliation of movement in equity shareholders' funds

	Group		Company	
	2003	2002	2003	2002
	£000	£000	£000	£000
Opening equity shareholders' funds	4,371	3,816	2,604	2,498
Retained profit for the year	850	555	75	106
Surplus arising upon revaluation of property	150	-	-	-
	<u>5,371</u>	<u>4,371</u>	<u>2,679</u>	<u>2,604</u>

23 Minority Interest

	2003	2002
	£000	£000
At beginning of year	408	315
Dividend paid	(42)	(37)
Retained profit for year	357	130
	<u>723</u>	<u>408</u>

24 Reconciliation of operating profit to operating cash flows

	2003	2002
	£000	£000
Operating profit (after amortisation of goodwill)	2,937	1,326
Depreciation and amortisation	1,011	839
Profit on disposal of fixed assets	(7)	(7)
(Increase)/decrease in stocks	(918)	130
(Increase) in debtors	(427)	(1,226)
Increase in creditors	1,072	2,528
	<u>3,668</u>	<u>3,590</u>

Net cash inflow from operating activities

Notes *(continued)*

25 Analysis of cash flows

	2003 £000	2003 £000	2002 £000	2002 £000
Returns on investment and servicing of finance				
Interest received	16		15	
Interest paid	(356)		(278)	
	<u> </u>	<u>(340)</u>	<u> </u>	<u>(263)</u>
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(2,153)		(2,928)	
Proceeds of disposals of tangible fixed assets	83		63	
Purchase of intangible fixed assets	(8)		(18)	
	<u> </u>	<u>(2,078)</u>	<u> </u>	<u>(2,883)</u>
Acquisitions and disposals				
Purchase of subsidiary undertaking (see note 27)	(503)		-	
Overdraft acquired with subsidiary	(8)		-	
	<u> </u>	<u>(511)</u>	<u> </u>	<u>-</u>
Financing				
Debt due after more than one year:				
(Decrease)/increase in loans	(242)		306	
Increase/(repayment) of finance leases	606		(22)	
	<u> </u>	<u>364</u>	<u> </u>	<u>284</u>

26 Analysis of net debt

	At beginning of year As restated £000	Cash flow £000	At end of year £000
Cash in hand, at bank	2,055	(393)	1,662
Overdrafts	(2,550)	484	(2,066)
	<u> </u>	<u> </u>	<u> </u>
	(495)	91	(404)
Debt due within one year	(417)	224	(193)
Debt due after one year	(1,671)	18	(1,653)
Finance leases	(65)	(606)	(671)
	<u> </u>	<u> </u>	<u> </u>
Total	<u>(2,648)</u>	<u>(273)</u>	<u>(2,921)</u>

Notes (continued)

27 Purchase of subsidiary undertaking

	Premierblend Limited (incl. Smithy Mushrooms Limited)
	£000
Tangible fixed assets	178
Stock	87
Debtors	100
Creditors	(139)
Overdrafts	(8)
Due to ultimate controlling party	(50)
	<hr/>
	168
Goodwill	335
	<hr/>
	503
	<hr/>
<i>Satisfied by:</i>	
Cash	503
	<hr/>
	503
	<hr/>

28 Commitments

Commitments at the end of the financial year, for which no provision has been made, are as follows:

Forward currency contracts

	2003	2002
	£000	£000
Forward currency contracts	1,612	760
	<hr/>	<hr/>

The company had entered into a contract with Royal Bank of Scotland to purchase each month up to December 2004, €200,000 @ €1.4885 = £1.00. If the exchange rate on the specific contract dates was higher than €1.4885 the company was obliged to purchase double the amount at the contracted exchange rate. If, at any time up to 29 December 2004, the exchange rate falls below €1.3980, the contract will automatically terminate.

Capital commitments

As at the year end, the group had capital commitments amounting to £3,156,000.

Operating leases

The group has annual commitments under non-cancellable operating leases as follows:-

	Land and buildings		Other	
	2003	2002	2003	2002
	£000	£000	£000	£000
Expiry date:				
Within one year	-	-	93	32
Between two and five years	36	-	237	133
In over five years	29	-	3	-
	<hr/>	<hr/>	<hr/>	<hr/>
	65	-	333	165
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

29 Related party disclosures

At 31 December 2003, the Company's ultimate controlling party was Equalcross Settlement, a Discretionary Trust established in the Isle of Man. The ultimate Beneficiary of the Trust is a charity registered in England.

The Trustees have the discretionary power to appoint such person or class of persons or charity to be amongst the beneficiaries but no such appointments have been made to date.

The Equalcross Settlement has interests directly or indirectly in certain other companies which are considered to give rise to related party disclosures under Financial Reporting Standard 8. The group has had no transactions with either the Trust or its associated companies during the year.

Group

During the year, the group was charged £45,701 (2002: £26,701) for professional services by Surewell Management Consultants Limited, SMC 2000 Limited and Taxconsult Limited, companies in which Mr F Stebbing, a director of a subsidiary undertaking, is also a director. These transactions were on an arm's length basis.

Also, the group was charged £19,800 (2002: £18,600) for administrative services carried out by Mark Taylor Motors Limited, a company in which Mr M J Taylor, a group director, is also a director. During the year, the group charged Mark Taylor Motors Limited £8,640 (2002: £8,400) for accounting services. These transactions were on an arm's length basis.

30 Contingent liability

The company has provided cross guarantees in connection with bank facilities granted by NatWest Bank to Marnan Holdings Limited and Grove Fresh Limited. As at 31 December 2003 the amount due to NatWest Bank from those companies amounted to £916,414. (See notes 18 and 19)

31 Controlling party

The ultimate controlling party is The Equalcross Settlement, established in the Isle of Man.

No other group accounts include the results of the company.

32 Post balance sheet event

In January 2004, the company restructured its investments, by transferring its shareholding in Grove Fresh Limited, DSG Onroerende Zaken BV and Fruity King Vers Sap BV to its subsidiary undertaking, FSP Frischacht FRISCHE production gmbH ('FSP'), in exchange for additional nominal share capital in FSP. As a consequence of this restructure, the company's equity percentage in the enlarged FSP sub-group has increased to 76.35%.